

The American Recovery and Reinvestment Act (ARRA)

North Carolina

The ARRA was passed and signed into law on February 17, 2009. The legislation includes federal tax relief as well as appropriations of funds in a number of programs.

Major Categories of Impact

- Tax cuts for individuals and businesses
- Direct payments to individuals most impacted by the recession (Food Stamps – Unemployment Compensation)
- State Government Fiscal Stabilization (State Budget Assistance)
- State programs and projects (Highways, Water & Sewer, Local Schools, Energy Conservation)
- Supplemental funding to federal agencies (Defense Facilities)
- Competitive grants to public and private agencies (US Department of Ag. To local groups)
- Interest subsidized bonds

The Office of the Vice President indicates that approximately 33% of the total Recovery Act costs are for tax cuts or tax relief to individuals and businesses. Another 33% is used to fund state budget stabilization and direct payments to individuals/family in greatest economic difficulty. The funding to states and federal agencies for projects accounts for 33% of the total ARRA.

Summary of Funding to N.C.

Direct payments to individuals	\$2.4	billion
State budget stabilization	3.53	
*State projects / programs	2.52	
Competitive grants awarded	1.6	
Federal agencies	<u>1.3</u>	
	\$11.35	billion

*Several federal programs provide additional funding directly to larger cities and counties.

Funding Status

The state has primary responsibilities for the \$3.53 billion state budget stabilization funds and \$2.52 billion for state projects/programs for a total of \$6.05 billion. In addition, the state has begun to receive competitive grant funding such as that for high speed rail.

Approximately \$4.2 billion has been received and disbursed. Another \$681 million of budget stabilization funding is budgeted in the state budget for FY 10-11, and \$386 million is under contract for work now underway. These transactions total \$5.3 billion of the \$6.1 billion allocated to the state, or 86%. Another 640 million (10%) is covered by grant agreements with local agencies and nongovernmental organizations where work is underway and will continue for up to another 18 months.

Jobs Reports

Quarter	FTE's
February – October 2009	28,073
October – December 2009	26,119
January – March 2010	24,540
April – June 2010	24,869

In addition, another 10,000 jobs were saved by the State Budget utilization of fiscal stabilization funds from the Recovery Act.

In the most recent reporting quarter North Carolina created the 8th most jobs of all states while having the 10th largest population. On a per capita basis, NC ranked 3rd overall, behind only Georgia and Virginia.

The ARRA provides assistance for paying COBRA health insurance premiums during unemployment. This provision pays 65% of a monthly premium through March 2010. The N.C. share of this payment is not available.

Pell grants and work study programs are federal programs designed to financially assist individuals continue their education beyond high school. Using an estimate of 3% for N.C. would mean that residents could receive up to \$510 million of the total appropriation of \$17 billion. This program assists the education agencies where students are enrolled with this funding to make sure students are able to enroll and remain in attendance.

State Government Fiscal Stabilization Funding

Federal agencies estimate that the ARRA funding to assist states with budget shortfalls is \$135 billion. The estimate is that N.C. will receive \$3.5 billion over three years. The primary distribution formula for this assistance is via an increased adjustment in the proportion of state Medicaid costs paid by the federal government. An increase in federal share accordingly reduces the amount a state budget has to appropriate for its share.

In addition, the stabilization effort has included funding for educational systems and government services stabilization.

Education Stabilization funds (SFSF) were available to governors to help stabilize budgets and minimize reductions in education funding. To receive the funds, governors had to submit an application and commit to education reforms in four areas:

- Improve teacher effectiveness and ensure equity in teacher distribution.
- Build enhanced data systems that track student progress to improve student learning.
- Progress toward college and career-ready standards, and
- Turn around lowest-performing schools through intensive support and interventions.

As part of the Education Stabilization application, states also received Government Services funds which could be used for non-education purposes.

North Carolina's awards to be expended over three fiscal years are:

- Education Stabilization \$1.16 billion
- Government Services \$258.5 million

In FY 2008-09, Education Stabilization Government Services funds were used for payroll obligations in May and June 2009. Without the additional funds, NC would not have had the cash necessary to meet payroll obligations in May and June 2009.

2008-09 funds expended were:

- Education Stabilization, Community Colleges \$42.2 million
- Education Stabilization, University System \$84.7 million
- Government Services, Administrative Office of the Courts \$66.6 million
- Government Services, Department of Corrections \$150.7 million

In 2009-10, Education Stabilization funds appropriated to the University System supported instructional payroll in November and December 2009. In K-12, Education Stabilization funds were distributed to local education agencies (LEAs) by formula and primarily paid salaries for teachers and support personnel throughout the school year.

2009-10 appropriations were:

- Education Stabilization, University system \$137.8 million
- Education Stabilization, K-12 LEAs \$379.7 million
- Government Services, Department of Correction \$12.9 million

2010-11 appropriations are:

- Education Stabilization, University system \$89.5 million
- Education Stabilization, K-12 LEAs \$427.9 million
- Government Services, Department of Correction \$12.9 million

In addition to the above, approximately \$15.4 million of the Government Services fund is being used to implement a statewide budget and reporting system; support the Office of Economic Recovery and Investment (OERI), OSBM contract auditors, and system contractors providing system enhancements to support tracking and reporting; and instructional costs associated with the North Carolina Virtual Public School (NCVPS).

In N.C., the adopted state budgets have utilized these resources over three years as follows:

2008-09	\$1,055,383,309
2009-10	\$1,387,762,928
2010-11	<u>\$1,087,157,393</u>
	\$3,530,303,630

In addition, the state's adopted FY 10-11 budget anticipates an additional \$519 million in stabilization funding from the federal government. The supplemental funding approved by Congress on August 10, 2010 is estimated to provide \$311.5 million to the state in FY 10-11.

State Programs and Projects

The ARRA allocates funds to states for specific programs. States are required to undertake projects within the statutory parameters of each respective program receiving an allocation. For most of this program, the state distribution process has been through an open Request for Proposal process which allows local governments, nongovernmental organizations, educational agencies and others to apply for funding. NCDOT is allocating highways and bridges funding for construction projects across the state based on the existing state equity distribution formula for transportation funds.

N.C. is receiving approximately \$2.52 billion for these targeted state programs. Several of these programs include a direct allocation to the larger cities and counties (*).

	<u>(in Millions)</u>
Highways and Bridges	730
Transit	109
Education Title I/IDEA	675
Clean Water / Drinking Water	137
*Energy	240
*Housing & Community Development	247
Workforce Investment	79.9
Child Care	67.5
Criminal Justice	40.5
Employment Services	42.1
Human Services	108
Other	48

Transportation – Highways and Bridges

The NCDOT has 332 projects identified for construction which utilize ARRA funds. Of these, 292 projects are under construction, with contract costs of \$696.9 million. The projects are distributed across the state in all highway divisions and in 95 counties. Disbursements to contractors are \$372.8 million through August 20, 2010.

Major Projects include:

- Lenoir County – Crescent Road from US 70 to US 258
Multi-lane – New Location: \$43 Million
Global Transpark Area
- Cumberland County – I-295 Fayetteville Outer Loop
\$55 Million
Freeway on New Location

- Lee County – Sanford Bypass
US421 / 87 from NC 42 to NC 87: \$30 Million
- Iredell County – Brawley School Rd. to I-77
Widen to multi-lane: \$23 Million
- Johnston County – Booker Dairy Rd US 70 Bsn to Buffalo Rd.
Two lanes, some on New Location \$16.5 Million
- Mecklenburg – NC 73 from US 21 to NC 115
Widen to multi-lane: \$25.7 Million
- Forsythe – Tobaccoville Road
Widen to multi-lane and reconstruct interchange at US 52
\$17,517,000
- Charlotte Bus Maintenance Facility
North Davidson Street: \$20,766,306
- Raleigh Bus Maintenance facility
\$11,605,000
- Wilmington Bypass
\$25 Million – ARRA - \$100 Million Total
- Wake US 401 widening
\$9.9 Million
- 35 bridge replacement or major bridge repair projects across the state from Bertie County to Cherokee County.
- Major traffic signal system upgrades in 4 cities.
- Pedestrian projects such as extension of Neuse Greenway in Wake and Johnston Counties, bike and pedestrian trail in Gaston County, Cane Creek Greenway in Henderson County, Greenway in Wilmington, and Rocky River Greenway in Mecklenburg County.

Transit Systems

Urban Transit Systems are receiving \$70.3 million and Rural Transit Systems are receiving \$33 million. In addition, the state has received \$545 million to upgrade its passenger rail network in the Charlotte to Washington, D.C. corridor.

Urban Transit System funds are allocated to 21 systems. The largest allocation of \$20.8 million is to the Charlotte Area Transit System for bus maintenance facility improvements. Other major projects are:

City of Raleigh	Transit Maintenance Facility	\$11.6 million
City of Asheville	Bus Replacements	\$ 1.9 million
City of Durham	Fleet Improvements	\$ 3.8 million
City of Fayetteville	Fleet Improvements	\$ 3.1 million
City of Gastonia	Fleet Improvements	\$ 2.1 million
City of Greensboro	Fleet and Maintenance Improvements	\$ 5.4 million

Two Metropolitan Planning Organizations, Durham, Chapel Hill-Carrboro MPO and Capital Area MPO elected to designate \$5.1 million for transit projects instead of Highways projects in their areas. This increases the Urban Transit funding to \$75.4 million.

Project oversight of these grants is performed by the Federal Transit Agency.

Rural Transit Grants

Total funding is \$33.1 million.

Funding has been awarded to 63 transit projects across the state. A significant portion of the funding is for upgrading of fleets. A total of 168 vehicles are being purchased through a statewide procurement effort at a cost of \$8.9 million. Maintenance and operations facilities are being improved. The largest project is the regional Appalcart facility in Watauga County, with a \$5.5 million construction contract now underway. Construction projects total \$10.1 million.

Education

ARRA assistance to education agencies is provided as part of the \$3.53 billion to the state for stabilization of its budget and with additional funding that is distributed to all local education agencies. As reported in the earlier section, the education stabilization funding is \$1.16 billion and is being utilized over three fiscal years.

In addition, \$675 million in education funding is provided through the ARRA and distributed to the local education agencies as follows:

\$257.4 million – Title I funds to improve student achievement and help close the achievement gap for at-risk children.

\$314.4 million – Individuals with Disabilities Act (IDEA) funding to help ensure that children with disabilities have access to appropriate public education.

These two programs are being distributed over fiscal years 2009-10 and 2010-11.

\$21.2 million has been received and allocated to local education agencies as follows:

- \$1.6 million to help meet needs of special needs children without a fixed, regular and adequate residence.
- \$16.3 million to improve student performance through use of technology in schools. These funds are expended over a two year period. Forty percent was distributed to LEAs through a formula and sixty percent was distributed to schools within 12 local Education Agencies with high poverty and high technology needs.
- \$3.3 million to institutions participating in National School Lunch Program. Funds have been allocated to 95 local education agencies, eight Charter Schools, and six Residential Child Care Institutions. Funds were used to purchase equipment used in preparation and serving of school meals. These funds were to be expended by September 30, 2009.
- \$77 million was awarded to the state to address improvements to districts with high concentrations of students from low-income families with the goal of insuring that all students are academically successful. As of August 31, 2010, \$65.4 has been allocated for 25 schools in 19 districts, commencing with fiscal year 2010-11 and extending for three years.

Special legislation passed by Congress on August 10, 2010 is expected to provide an additional \$298 million for K-12 education programs in FY 10-11 and 11-12.

Clean Water, Drinking Water and Environmental Protection

Cleanwater Improvements (Wastewater, Stormwater) are funded at \$70.7 million. There are 51 projects funded in 32 counties. All projects were under contract prior to February 17, 2010. All are underway at this time. Projects include upgrading old outdated wastewater treatment facilities, interconnecting wastewater systems for greater efficiency and regulatory compliance, installation of collection systems to replace failing septic tanks, and improvements to urban stormwater systems. Examples:

- Tuckasegee Water and Sewer Authority (Jackson County)
\$3 million to upgrade aging Wastewater Treatment Plant.
- Town of Dover (Craven County)
\$1.1 million to construct wastewater collection system to replace failing septic tanks.
- Charlotte-Mecklenburg Utilities Department

\$2.2 million to restore 1.5 miles of the Muddy Creek and Campbell Creek watershed, including installation of stormwater retention and wetlands restoration.

- Town of Burgaw (Pender County)
\$3 million for decommissioning of Town's wastewater treatment plant and connections of Town of Wallace plant.
- City of Graham (Alamance County)
\$1 million to repair existing wastewater collection system

Drinking Water improvements are funded at \$65.6 million. There are 65 projects in 41 counties. All projects were under contract prior to February 17, 2010. All are underway at this time. Projects address systems with insufficient capacity during previous droughts, interconnections of systems to improve service reliability, and changes in water supply systems to reduce ground water aquifer depletion.

Examples:

- Alamance County
\$900,000 for regional interconnection of small water systems to Burlington system to improve reliability of services.
- Blowing Rock
\$2 million for interconnection with Town of Boone to reduce drought-related service problems.
- Pitt County / Greene County
\$6 million for two separate regional interconnections of Farmville and Greene County Water System to Greenville to address Central Coastal aquifer depletion issues.
- Sanford (Lee County)
\$1.8 million to rehab water storage tanks at treatment plant.
- Clinton (Sampson County)
\$3 million to construct new water storage tank.
- Cape Fear Public Utility Authority (New Hanover County)
\$2.7 million to install three aquifer storage and recovery wells for additional supply during periods of peak and emergency demand.

Environmental Protection Projects

The N.C. Department of Environment and Natural Resources has received \$16.8 million to address additional environmental protection projects, including clean diesel projects, removal of leaking underground fuel storage tanks, and forest protection and restoration. All projects are underway.

Energy

The state is receiving \$240 million for energy conservation programs. In addition, the U.S Department of Energy is making further allocations to public and private organizations for energy initiatives.

Energy Conservation

The state is receiving \$98 million for energy conservation initiatives. The State Energy Office is using a Request for Proposals process to solicit projects for consideration. Approximately \$41 million has been awarded to projects. This included \$12 million allocated to state agencies for energy conservation improvements as directed by the General Assembly. During August and September the State Energy Office will receive proposals and make awards for the remaining funds. Funds must be obligated to projects by September 30, 2010.

Local governments (32) are receiving an additional \$37.4 million for energy conservation projects.

Appliance Rebate Program

The state received \$8.8 million to provide rebates to residents who purchase energy efficient appliances. All funds have been obligated and all but \$442,000 has been disbursed.

Weatherization

Weatherization of housing for low-income residents is funded at \$131.9 million. Weatherization is an existing formula program in the newly reorganized Energy Office within the N.C. Department of Commerce. Funds are distributed to currently qualified weatherization agencies, including community action agencies and local governments. They are used to assist low-income homeowners and renters (up to 200% of poverty level) with weatherization activities that will result in reduced energy bills. Funds can also be used to assist homeless shelters. Eligible activities include, but are not limited to: water flow controllers, furnace or cooling filters, weather stripping, caulking, glass patching, insulation for plugging, repair/replace heating and cooling systems, repair/replace water heaters, repair ventilation systems, air sealing, duct sealing, and insulation. Through July 2010, 4,788 dwelling units have been completed. The target is 14,000 units by February 2012.

Other North Carolina Energy Awards

The U.S. Department of Energy has awarded approximately \$375 million to North Carolina organizations.

Examples:

\$200 million for smart grid upgrades to Progress Energy.

\$138 million to Energy Research and Development projects at universities and private companies such as Celgard (Charlotte): \$48.7 million for battery research and UNC-Chapel Hill: \$17.5 million for Energy Frontier Research Centers.

Housing and Community Development

Funding is as follows:

- N.C. Community Development Block Grant Program
 - The state-level program is receiving \$12.1 million.
 - In addition, \$6.9 million is allocated directly to larger cities and counties (25) by U.S. Department of Housing and Urban Development.
- Homelessness Prevention and Rapid Rehousing funding is \$22 million.
In addition, \$6.9 million is allocated directly to eight larger cities and counties.
- Community Services Block Grant funding is \$26.2 million.
- New affordable housing funding is \$187 million.

In addition, all Local Public Housing Authorities are receiving a total of \$84 million for repairs to existing housing units. These funds are distributed by HUD and not through a state agency.

Community Development Block Grant (CDBG)

The state CDBG program is administered by the Division of Community Assistance within the N.C. Department of Commerce. The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses.

Funded projects include a joint venture in the City of Sanford (Lee County) to provide a 29-unit facility for victims of domestic violence; the clearance, relocation and/or rehabilitation of 11 residential structures incorporating energy conservation techniques and creating or retaining

43 jobs in the Town of Fairmont (Robeson County); an infrastructure project that provides water lines and fire hydrants to connect 22 low-and-moderate households to public water systems and create adequate water pressure required for fire and emergency services in Kings Mountain (Gaston County); and a sewer system project benefiting 13 low-to-moderate households and creating or retaining 34 jobs in the Town of Clarkton (Bladen County).

Overall, There are 27 local projects across the state funded through the state CDBG allocation.

Homelessness Prevention and Rapid Re-Housing (HPRP)

The Homelessness Prevention and Rapid Re-Housing Program (HPRP) is a new three-year \$22 million program aimed at preventing homelessness. The program has two primary goals:

1. Prevention – Assist households at risk of becoming homeless to become stably housed.
2. Rapid Re-housing – Assist homeless households in need of short-term or medium-term assistance in obtaining housing and maintaining housing stability.

These goals are accomplished through flexible financial assistance as well as housing location and stabilization services. Twenty communities are receiving funding.

As of August 2010, the twenty agencies across the state had spent 20% of their funds, (\$4,359,585) and served 3,303 persons in 1,543 households. Local funded agencies include Eastern Carolina Behavioral Health Local Management Entity, McDowell Department of Social Services, and Homeward Bound of Asheville.

Community Services Block Grant (CSBG)

The Community Services Block Grant funds activities including employment training, foreclosure prevention, rent assistance, prescription assistance, life skills, job creation activities, employment education, emergency assistance, nutrition and health care. The \$26,243,124 in ARRA funds are distributed through 35 community action agencies across the state.

With these funds, Community Action Opportunities in Buncombe County has assisted a mother of a young child earning \$100 a month at a part-time job by combining CSBG to support linkage to a full time job paying \$10.50 an hour at Mission Hospital, averaging \$1,700 a month with benefits.

The Welfare Reform Liaison Project (WRLP) combined several CSBG programs to assist a married couple with one child to use their job skills to start a successful optical business, “Get

a Vision Optical.” The business is generating its own customers and revenue while giving back by providing services to other WRLP clients.

Martin County Community Action assisted a program participant to start her own nonprofit, “It’s Your Move Now,” that assists ex-offenders to find employment and offers after-school tutoring, remediation and end-of-grade preparation for youth. Through this business, the program participant has raised the income for her three-person family above 200% of the poverty level.

New Affordable Housing

The N.C. Housing Finance Agency is responsible for two ARRA programs which involve \$187 million to finance the construction of new affordable housing. It is projected that 2,680 dwellings will be constructed in 29 counties. All the apartments will be for North Carolinians whose incomes are at 60% or less of the median income level in the state.

There are 46 approved projects, and almost all are under contract for construction. HUD-required environmental reviews have affected the schedule for 10 projects, but these are expected to be fully underway by Fall 2010. The other 36 projects are approximately 50% complete.

Projects include Nathaniel Village (48 units in Greenville), Kings Falls (36 units in Kings Mountain), The Village (48 units in Locust), and Bermuda Run (50 units in Warsaw).

Workforce Investment

The state is receiving \$80 million to assist workers with improving their job skills. The focus areas are:

\$21.3 for Summer Youth Employment, which was undertaken in 2009 through the 24 local workforce development boards.

\$35.4 million for adult training. These funds are distributed through the existing 24 local workforce development boards.

\$23.1 is being utilized for targeted job training programs across the state. The primary initiatives include \$13.45 million for innovative training programs in Community Colleges. Fifty percent of the \$23.1 million has been disbursed.

Subsidized Childcare

The ARRA provides \$67.5 million for additional child care assistance. By federal directions, \$11.5 million is to be used for quality-enhancement efforts. This leaves \$56 million for direct services.

The ARRA funds are divided across all the counties using the same legislatively approved formula as in past distributions for this program. This creates an increase in total funding for each county.

These ARRA funds must be used by September 30, 2010. Expenditures through August, 2010 are \$63,376,208.

Overall, the adopted state budget cut \$15 million in other appropriations from this program. The net increase is therefore \$41 million, which should serve an additional 8,000 children.

Justice and Victim Assistance

A total of \$40.9 million is provided for grants to Criminal Justice agencies and other related agencies.

The largest grant is the Byrne Justice Assistance grant of \$34.5 million. These funds have been awarded to state agencies, cities, counties, universities, and nonprofit organizations across the state. A 10 % reserve is retained for administrative support. A major funding recipient is the N.C. Department of Juvenile Justice and Delinquency Prevention, which is administering \$12.8 million of the funds.

The other grants are:

- \$1.1 million for Victim Assistance Grants have been awarded to 14 organizations.
- \$.9 million for addressing Internet Crimes against children.
- \$3.8 million for programs to address problems involving violence against women. Grants have been made to 14 agencies.
- \$.6 million is provided for The Victim Compensation Program. Grants have been made to 23 counties. All funds were expended in 2009.

Health and Human Services

The Department of Health and Human Services is responsible for a number of ARRA grants which total \$108 million, in addition to the subsidized Childcare funding.

A major funding area is for Vocational Rehabilitation (VR) programs in the amount of \$15.6 million. The primary focus areas are:

- Community Rehabilitation Programs - \$3.1 million. Grant agreements have been executed with 31 local programs.
- Two VR facilities are to be repaired and renovated at an estimated cost of \$4.3 million. Design is complete. Bids will be sought in September 2010, and contracts awarded by November 1, 2010.
- Installation of an Automated Care Management System - \$4.9 million. A vendor has been selected following an extensive RFP process.

The remaining funds are spread over 26 separate programs. All are underway and have disbursed 55% of the funding.

Veterans Facilities

\$24.2 million in funding is provided to construct two new V.A. skilled nursing facilities in Lenoir and Buncombe Counties. These projects are under construction.

Supplemental Funding to federal agencies

The ARRA appropriates supplemental funding to federal agencies. These agencies are approving projects for agency facilities in states. The current estimate is that \$1.3 billion is allocated to projects in North Carolina.

The largest amount is associated with Department of Defense facilities located in Cumberland, Wayne, and Onslow Counties for a total of \$285 million. Of the 118 projects, 108 are either complete or under construction.

In addition, the U.S. Army Corp of Engineers is receiving \$33 million. By August 1, 2010, \$15.5 million had been expended on projects. Major projects include: \$2.5 million in ARRA funding for Intracoastal Waterway dredging work to maintain safe navigation channels and \$3.1 million for lock and dam repairs on The Cape Fear River. An additional \$12 million of ARRA funding is allocated to lock and dam projects and \$340,000 is allocated to rehabilitate the breakwater structure in the Town of Oriental.

The Department of Homeland Security is funding \$36 million for a major project at the Coast Guard facility in Pasquotank County.

The FAA is providing \$27.6 million for improvements at six regional airports.

Competitive Grant Awards

High Speed Rail

On February 16, 2010, N.C. received a \$545 million grant to upgrade passenger rail services in the state. These rail corridors are part of the network connecting Charlotte to Virginia and Washington, D.C. These funds are to be expended over a 4 year period. Projects include rail and highway work to add tracks, straighten curves, expand stations, build a rail shortcut between Richmond and Raleigh, and for procurement of locomotive and passenger cars.

NCDOT has now received its initial high speed rail funding of \$20.3 million, which addresses upgrades of locomotives and passenger coaches.

Broadband

North Carolina organizations are receiving \$270 million from ARRA programs to improve terrestrial and satellite broadband infrastructure, public outreach for broadband, public safety networks, and public access computer centers. With local matching funds, the broadband infrastructure investments will exceed \$310 million and will affect 81 of 100 counties.

The primary recipient is MCNC, which will undertake major “middle mile improvements” in southeastern counties, northeastern counties and western counties, with combined funding of almost \$150 million.

A \$29 million grant to Skyline Telephone Membership Corp. will improve broadband service to homes in Alleghany and Ashe counties as well as adjoining counties in Tennessee.

The Lumbee River Electric Membership Corp. is receiving \$20 million to improve broadband services in Robeson County.

Health Information Technology

ARRA made a major funding investment nationally in Health Information Technology (HIT). This is an ongoing effort and implementation will last through 2014. Awards are as follows in North Carolina:

- \$13,569,169 to Area Health Education Centers to assist in acquiring, implementing and making meaningful use of electronic health records in their practices.

- \$12,950,000 to the N.C. Health and Wellness Trust Fund to develop a Health Information exchange to promote the secure sharing of electronic health records.
- \$21,150,000 to Pitt Community College to establish training programs for HIT careers in community colleges throughout southeastern USA.
- \$15,907,622 to NC Southern Piedmont Community Care Plan to develop a model program that uses information technology to improve care coordination and post-discharge planning.
- \$3,987,121 to Duke University for educating HIT professionals.

Research and Development

Universities and private organizations are receiving \$367.9 million for research projects. Major agency recipients are UNC-CH (\$132.4 million) and Duke University (\$118.9 million).

Prevention and Wellness

North Carolina's Division of Public Health was awarded a \$5,421,531 competitive grant to promote physical activity, nutrition and smoking cessation. The award was made in February 2010 and will be available until February 2012. Most expenditures will occur in State Fiscal Year 2010-11.

Race To The Top education grant

On August 24, 2010, North Carolina was awarded a \$400 million grant to address education reform initiatives in the public school systems of the state. Final budget details are to be reviewed with the U.S. Education Department in September – October, 2010.

Interest Subsidized Bonds for Capital Projects

The ARRA provides new capital financing authorizations to encourage local governments and private organizations to undertake capital projects with subsidized interest payments. The major bond authorizations areas are as follows:

Recovery Zone Economic Development Bonds. (RZEDBs)

The bond allocation to N.C. is \$418.2 million. These are taxable bonds (as contrasted with traditional tax-exempt bonds) which may be issued by local governments for capital projects. The federal government pays the local issuer 45% of the interest costs. As of August 1, 2010, \$416.5 million has been allocated to local governments for specific projects. The local

governments must issue the bonds before January 1, 2011. There are approximately 55 projects in 24 counties which would be financed with these bond authorizations. As of August 23, 2010, the Local Government Commission had approved 31 of the RZEDB local projects, which total \$296.4 million.

Recovery Zone Facility bonds (RZFB)

The bond allocation to N.C. is \$627.2 million. These are tax-exempt bonds which may be issued by private organizations for capital projects. Approximately \$311 million has been allocated to private development projects. The bonds must be issued prior to January 1, 2011. Approximately 12 projects in 11 counties are being financed with this funding resource. As of August 23, 2010, the Local Government Commission has approved RZFB bonds sale which total \$76.3 million.

Build America Bonds (BAB)

These are a new bond type which state and local governments may use for financing capital projects. These are taxable bonds (as contrasted with traditional tax-exempt bonds) and the federal government pays the issuer 35 % of the interest costs on the bonds. As of August 23, 2010, the Local Government Commission has approved 34 projects with total bond financing of \$950.7 million. The largest project is \$352.7 million, issued by the N.C. Turnpike Authority. The BAB has the attraction of being more flexible in length of issuance. Its taxable status and higher interest rate makes it likely to be attractive to more organizations which could not benefit from a tax-exempt bond.

Qualified School Constructions Bonds

The bond allocation to N.C. is \$552.8 million. These are taxable bonds which may be issued by local governments for the construction of school facilities. The federal government pays the issuer an amount approximately equal to the interest costs, based on a calculation tied to tax credit rates. As of August 24, 2010, \$502.3 million has been tentatively allocated to local governments to finance school facilities construction. It is expected that the remaining \$50.5 million will be allocated by the end of September 2010. Funds are allocated to 62 LEAs in 51 counties. As of August 23, 2010, the Local Government Commission has approved \$166.2 million in bond sales by 22 local governments.

Distribution of ARRA Funds

All 100 counties are receiving funding from one or more of the categories of grants. It is not feasible to track each program to the county level. However, approximately 70% of the funds can be followed to the county level. The distribution among regions of the state is as follows:

	<u>Grants</u>	<u>Loans</u>
Mecklenburg / Union	\$1,092,830,865	\$66,308,030
Triangle (Wake, Durham, Orange)	\$1,487,760,922	\$77,647,721
Triad (Forsyth, Guilford, Alamance)	\$ 503,936,943	\$29,545,900
Western (19 counties and Eastern Band of Cherokee)	\$ 970,678,853	\$52,554,784
Western Piedmont (19 counties)	\$1,266,570,741	\$65,879,100
Eastern Piedmont (16 counties)	\$ 707,869,509	\$28,003,310
Southeast (17 counties)	\$1,108,937,108	\$47,253,000
Coastal (21 counties)	\$ 505,111,314	\$18,415,300

Note: These are Small Business Administration loans with increased loan guarantee coverage provided by the ARRA and community facility loans provided by the U.S. Department of Agriculture.